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FINAL REPORT
from July 1st through December 31, 1966 of

NEW YORK SMALL BUSINESS DEVELOPMENT CENTER, INC.
575 Madison Avenue
New York, New York 10022

Under Technical Assistance Project No. 01-6-09032
Contract No. C-365-66 (Neg.)

SUBMITTED TO

ECONOMIC DEVELOPMENT ADMINISTRATION

TECHNICAL
ASSISTANCE
PROJECT

U.S. DEPARTMENT OF COMMERCE



REPORT OF ACTIVITIES
From July 1st through December 31, 1966

TECHNICAL ASSISTANCE PROJECT NO. 01-6-09032
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SUBMITTED TO
ECONOMIC DEVELOPMENT ADMINISTRATION
WASHINGTON, D.C. 20230

"This technical assistance study was accomplished by professional consultants under contract with the Economic Development Administration. The statements, findings, conclusions, recommendations, and other data in this report are solely those of the Contractor and do not necessarily reflect the views of the Economic Development Administration."

NEW YORK SMALL BUSINESS DEVELOPMENT CENTER, INC.
575 Madison Avenue
New York, New York 10022

REPORT OF ACTIVITIES
from July 1st through December 31, 1966

TO Economic Development Administration
 Washington, D.C.

FROM New York Small Business Development Center, Inc.
 575 Madison Avenue, New York, N.Y. 10022

Social and economic segregation is one of the foremost ills of New York City. SBDC set out to attack this problem by the alleviation of the plight of small business in New York City.

After these six months of operation, it is very clear that SBDC has a vital and creative role to play in the elimination of poverty pockets and the revitalization of small business. But it is also apparent that to reach fulfillment, a long-range and multi-faceted program is necessary. Experience has shown that the SBDC project is only a small step in this direction. The SBDC program needs expansion and extension in other directions.

Through the following activities SBDC hoped to accomplish its goal of bringing to ghetto and slum dwellers a better way of life for them and their families.

I. COORDINATION AND COOPERATION


- A. Coordination of SBDC city-wide programs with City Departments, Federal agencies and private institutions (banks, universities, business associations, civic organizations).
- B. Coordination of SBDC activities with Community Progress Centers and area service centers.
- C. Coordination of economic research studies of Fordham, New York and Long Island Universities.
- D. Establishing working relationships with City departments (Department of Markets, Housing and Redevelopment, Department of Labor) that could be helpful in the development of programs for small business.
- E. Research and study of legislation, passed and pending, that will benefit small business in New York City.

II. FOR THE SMALL BUSINESS MAN

- A. Prepare catalogue of financial aid available to small business (regular SBA, 502 program, EDA, New York State Job Development Authority).
- B. Prepare catalogue of existing programs suitable for use by small business (MTDA, Skill Advancement Inc., JOIN, BEST).
- C. Provide legal, technical and managerial services and advice before loan and follow-up counseling after receipt of loan.
- D. Provide Public Information services regarding loan program.
- E. Initiate, coordinate and implement training classes for loan applicants.
- F. Establish pool of volunteer businessmen as well as business talent from universities and trade associations.
- G. Prepare training materials.

III. FOR THE SBDOC CENTERS

- A. Set up budgets for each center.
- B. Set up insurance and fringe benefit plan for centers.
- C. Prepare Personnel Manual with job descriptions and personnel procedure.
- D. Set up unified accounting system.
- E. Standardize purchase of supplies so discounts may be obtained.
- F. Provide legal, technical and managerial services and advice.
- G. Provide research staff for studies and analyses in the borough offices.
- H. Provide an analysis of loans refused by SBA.
- I. Provide a blueprint for small business development in each borough.
- J. Provide Public Information services for all Centers.
- K. Prepare pamphlets and leaflets about program for distribution door to door and to organizations in the various boroughs.



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L. Provide speakers to civic, church, business and other groups.

Most of the above goals were reached, as will be shown by the following summaries.

IV. STATISTICS

Complete liaison was maintained between this office and the other SBDOCs in New York City. The personnel of this office met, at least once a month, with each Center to discuss local and city-wide problems. Guidance was given to Bronx, Brooklyn and Queens in the preparation of statistics required by the Small Business Administration. Since Upper and Lower Manhattan had been in operation for more than a year, they needed little assistance in this regard.

Total interviews for this period, including all five Centers, were 6,842 and the first time visits numbered 3,909. This means that 2,933 or 43% of the total visitors came back for further counseling on business and advice about preparation of the application papers. A survey of Centers by this office revealed that all visits, after the first, took a much longer time than the first, anywhere from twenty minutes to two hours.

The attached social and loan statistics for the months of July, August, September and October were compiled by this office from figures submitted by the five Centers. During November, the Small Business Administration assumed the responsibility of processing loans and because of the confusion and lack of definitive directives from the Small Business Administration at the time of the changeover, statistics for November and December are not complete. Hence, the figures on the separate sheet are the only reliable ones for those two months.

Personal statistics are taken from loan applicants only on their first visit to a Center. These figures would indicate that the average applicant is male, Puerto Rican (Negro in Upper Manhattan and Brooklyn), with a high-school education, between 40 and 60 years of age, married with three to five dependents, working and making between \$3,000 and \$5,000, definitely in the under-privileged class, although not receiving any public assistance.

Those receiving public assistance represented only 6% of the individuals seeking loans and only 1% of those were on public relief, the balance receiving unemployment compensation, disability payments, old age payments. Those not working represented 14% of the applicants and more than 75% of these were recently unemployed.

During this half-year, the Small Business Administration approved 179 loans for a total of \$1,623,025. This means that the average loan amounted to \$9,000 and was approved for the following types of businesses: food services (including groceries, candy stores, restaurants, luncheonettes, meat markets, snack bars); dry cleaners and laundromats; manufacturers of such products as clothing, jewelry, bags, glass, wood products; automobile services such as auto repairs, gas stations, used cars, auto supplies; beauty parlors and barber shops, retail clothing, taxi cabs.

There was a wide variety of others such as upholstery, shoe repair, radio and TV repair, printing, maintenance, photography, hardware, furniture, but food services, representing 19% of all loans granted topped the list, manufacturers with 7% were next, cleaners were 5% and beauty parlors and barber shops accounted for 4%.

Included with the 44 loans granted to whites by SBA in July through October were: 3 South Americans, 2 from islands other than Puerto Rico, 1 Mexican, 1 Chinese and 1 Japanese.

While \$1,623,025 was poured into the four boroughs of New York City, the 179 loans received by the applicants to open new businesses and expand existing operations means that additional federal, state and city taxes were paid by these businesses, as well as by the additional workers employed.

V. RESEARCH AND DEVELOPMENT

This office assisted three of the Centers. Bronx, Brooklyn and Upper Manhattan to set up projects to publicize the small business program and to survey for possible industrial sites.

In the Bronx, the project was set up under the supervision of a graduate student from Africa provided by this office. High-school students were used for the survey and 552 questionnaires, prepared by supervisor, were completed. Of those questioned, 268 had heard of the SBDC program but only 232 in all said they were interested in a loan. Some of the disinterest was disbelief that the government would give a loan without collateral and another reason, especially where the owner was white, a long time in business in a neighborhood that had become Negro or Puerto Rican dominated, was a lack of interest in expansion and desire to retire from the business. Those who had indicated a desire to obtain a loan were contacted and urged to visit the Center and in about 50% of the cases the individuals did come in.

The Central Harlem (Upper Manhattan) project was in two parts. A survey of small businesses in the area was arranged with the help of this office and students in the graduate division of

Business Administration of New York University. Questionnaires were formulated by the staff of Upper Manhattan. Ten blocks were covered on both sides of Eighth Avenue and findings were similar to those of the Bronx. Especially were the white owners in the neighborhood uninterested in improvements and expansion. Those interested in financial aid and management advice were urged to go to the Center and about 20 did.

A survey of possible industrial sites was conducted with the help of an African student supplied by this office. The area covered was west of St. Nicholas Avenue on 125th Street and north on 8th Avenue and the Hudson River from 125th Street to 140th Street. Nothing of tangible value as an industrial site was turned up but the survey showed that a study of this type in depth with a staff of 6 to 10 persons might result in a good list of locations for small industries.

A survey of Brooklyn small businesses in the Bedford-Stuyvesant area was conducted by two African students supplied by this office and operating out of the Brooklyn Center. In this instance, an effort was made to learn why the services were not being used where there was knowledge of the program. Findings here were the same as in the two other studies but an element that did not seem to be present in the other cases was the wariness of the businessman if he were Negro. It was disbelief that anyone, including the Government, would help a Negro. A good deal of this feeling was fostered by the long delays occasioned by the demands of SBA for intricate documents to accompany the loan application. While a white person might be discouraged, he would not feel that the documents were made particularly difficult because he was white.

VI. INSURANCE

After a study of various plans and discussions with SBDOC Executive Directors, a plan for group life-insurance was chosen which covers all SBDOCs as well as SBDC. This is a plan of the Prudential Life Insurance Company of America, which went into effect as of September 1st, 1966, the entire cost of which will be borne by the various offices.

VII. PUBLICITY AND PUBLIC INFORMATION

In spite of the fact that this office was without a Public Information Director until September 12, 1966, much effort was exerted to inform the public of our program.

Local radio stations were prevailed upon to carry spot announcements and arrangements were made for the staff of SBDC, the Executive Directors of the various SBDOCs and loan recipients to appear on 15 minute and one hour question and answer programs.

The results of these programs showed a marked increase of visitors to all the SBDOCs, particularly from the Negro and Spanish-speaking groups. It was also made apparent by these activities that there is still a vast segment of the public which needs to be told about our program.

Among the stations cooperating and broadcasting news of our program were WADO (Spanish-speaking), WLIB, WWRL, WINS, WHOM and WEVD.

The newspapers that have published articles about the program are the Christian Science Monitor, New York World Journal Tribune, the Amsterdam News, the New York Times, New York Post, and El Diario-La Prensa. Copies of some of the pieces that appeared in various journals are attached.

VIII. COOPERATION WITH GOVERNMENT AGENCIES

Officers of SBDC and SBDOC met with Commissioner Hoving and George Niebling, Consultant to the Parks Department, to put into operation a program to assist present concessionaires to expand and set up SBDOC loan applicants to obtain licenses for new concessions.

To this purpose, this office also met with various staff members of the Parks Department to determine what kind of help existing concessionaires needed and what potential businesses might be added. Meetings also took place with Oscar Goldman of the License Bureau in order to gain his cooperation to give consideration to candidates proposed by SBDOC for possible concessions.

In order to endeavor to help break the poverty cycle, in which so many persons have been entrapped for so long, a meeting of SBDOC directors was set up with Commissioner Ginsberg of the Welfare Department. Discussion was directed to the feasibility of setting up present welfare recipients in small businesses.

A study made by this office of the four months prior to this meeting indicated that 243 loan applications had been accepted from persons on welfare. This office working in cooperation with the Welfare Department could very well increase substantially the number of such applications.

To this end, the Research Director of SBDC prepared a report outlining the SBDC program and indicating therein the activities that could be developed in cooperation with the Welfare Department.

Two areas where cooperation could help the Welfare recipients to self-sufficiency:

1. Assist a person with ability and the desire to operate a business (sole proprietor-ships, franchises, cooperatives).
2. Help to establish day care facilities for children of mothers on relief. Some would be trained to take care of the children and others would be enabled to accept employment.

Statistical data was compiled regarding welfare recipients who applied to SBDOCs for loans, as well as case histories of former welfare recipients who are in business as a result of an SBDOC loan.

At a meeting of Area supervisors of the Welfare Department SBDC staff members spoke and gave out leaflets to be distributed to their clients.

By December 1966, the Welfare Department had embarked on both aspects of the SBDC proposed program.

1. Referral of Welfare recipients for loans to go into business.
2. Creation of child day-care centers.

IX. USE OF GOVERNMENT PROGRAMS

After an investigation of the existing government programs dedicated to economic development, it was decided that the Small Business Development Act, Section 502, would best serve our program for it envisions the establishment of shopping centers designed to house up to ten businesses that have received loans through the SBDOCs. One of the added advantages to this plan is that loan recipients would be established in proximity to successful entrepreneurs, who might offer business counseling.

Businessmen were contacted in Brooklyn and a cooperatively owned shopping center is being planned. It is hoped that funds for its operation will be obtained through the Small Business Development Act, Section 502.

The "502" idea was also presented to a Harlem group of businessmen and plans are now in the making for cooperative shopping areas, as well as hotel facilities.

Both these plans are being coordinated with other community plans for housing rehabilitation, urban renewal and manpower training in ghetto areas.

The SBDC was also in contact with the Regional Office of the U.S. Department of Commerce to determine how SBDC's program could be coordinated with projects sponsored by the Department. The

conclusion of the first meeting was that SBDC would investigate the possibility of coordinating the Department's efforts to encourage franchise operations.

After study, SBDC decided to concentrate on the establishment of automotive franchise companies. To this end, SBDC began negotiating with companies and individuals with a view to finding a location for such a center. SBDC also prepared information packages on franchises for the SBDOCs to distribute to loan applicants.

X. COMMUNITY GROUPS

During these six months, SBDC staff met with many community groups, all with the thought of cooperation and expansion of all programs to help ghetto and slum residents to a better way of life. To this end, the SBDC concentrated on the creation of business associations, management training programs, business cooperatives, and additional avenues of financial aid to the under-privileged.

Contact was made with Neighborhood Houses in Brooklyn to help attract new businesses and improve existing ones in the area of rehabilitation. A working relationship was established with the Puerto Rican Community Development Project and the SBDC will assist in the establishment of a Domestic Service Bureau and a Secretarial and Office Workers Placement Center for Puerto Rican residents of the city.

The SBDC has also been working with the Hispanic Merchants Association in an effort to present the results of a survey the Association made of its members to city, state and federal authorities. This study showed the problems of the group and SBDC feels that since these problems apply to other groups, it is important to publicize the facts in the proper quarters.

There have been several meetings with the East Harlem Tenants Council and the Urban League in an effort to develop a combined program of housing and business improvement in ghetto areas.

XI. OTHER MEANS OF FINANCIAL AID

The SBDC has been exploring other avenues of funds and financial aid for the small businessmen. In addition to franchises, there are cooperatives and credit unions.

Purchasing cooperatives were thought to be particularly helpful to the small businessman, since such organizations would reduce operating costs and the savings could be passed on to the consumer, thus enabling the small entrepreneur to compete with the large chains. SBDC concentrated its efforts and studies in this area.

The small businessman has great difficulty in obtaining credit from his suppliers, banks, wholesalers and distributors. Formation of business credit unions is one solution and to that end, SBDC has been working to the building of such organizations. CUNA International, reputed the largest credit union in the country, has been contacted and in meetings with Robert Dolan, it was suggested that a city-wide credit union be established with SBDOC loan recipients its initial members.

XII. MANAGEMENT TRAINING

During the past half year, there have been 12 management training courses and one-day workshops given by the various SBDOCs with an overall attendance of 949. The attendance at training courses of loan applicants, loan recipients and businessmen in the community not eligible for loans averaged 35, while the number attending the workshops ran from 75 to 100. SBDC has provided advice in the preparation of the curriculum, as well as instructors and special lecturers.

These courses have been exceedingly helpful, as a questionnaire prepared by this office and circulated among loan recipients attests. But more of this type of instruction, particularly in law, accounting and other aspects of management are needed, especially before the loan is granted.

XIII. COUNSELING

While the loan processor at the SBDOC Center continued to counsel the loan applicant all during preparation of the application, it is after the funds have been received that it is important that the loan recipient receive close guidance for a year, or even two, to make sure he is able to cope successfully with the new problems that arise. The SBDOCs do not have the staff for this close and constant supervision. It is here that SBDC can be and has been helpful.

A questionnaire was circulated amongst loan recipients; staff members of SBDC have called on some of the loan recipients and in some cases recipients were asked to come to this office. Responses to the questionnaire have been tabulated and conclusions will be formulated. Solutions to problems presented will be sought.

XIV. PRESENT STATUS

On November 28, 1966, SBA installed its own staff in each of the SBDOC centers to handle the procession of loans. This left the SBDOCs with counseling and management training functions.

SBA has promulgated new criteria indicating loans to new businesses will not be encouraged, particularly groceries, beauty parlors, restaurants etc., unless they fill an economic void. Since figures given above indicate that the vast majority of loans to small businessmen is for operations of this type, it means that about 80% of the population of the ghetto areas will be denied access to EOL loans. Thus the stated purposes of the Anti-Poverty Act of 1964 will be negated.

XV. SUMMARY

Many people had been led to believe that through this program at long last they would be given the opportunity to rise above the fringe living they had known so long and to join the stream of prosperous economic life so long denied them. These hopes and aspirations, however, have now been cruelly dashed by the new loan criteria set up by the Small Business Administration, which plainly states that new businesses in the ghetto areas are to be discouraged.

The number of loans approved for the poor and the minority segment of the population has dropped sharply (as much as 75% a month), while the number of loans declined has soared (as much as 300% a month). With the loan program as it is presently administered by SBA there does not seem to be any hope of improvement.

In addition, SBA does not have the desire nor the outreach to do the kind of in-depth job that is needed in the under-privileged communities.

In order not to dissipate the good the program has already done, and to expand and increase its usefulness, what is needed now, and quickly, is a lending program supported by private banks, corporations and foundations with an FHA type of insurance guaranty against loss.

* * *

Attachments: A, B, C,
D - 1, 2, 3.
E - 1, 2, 3, 4, 5, 6, 7, 8, 9.

March, 1967
pmd

SOCIAL STATISTICS OF LOAN APPLICANTS
July 1st - October 31, 1966

MONTH OF	INITIAL INTERVIEW	SEX		EDUCATION			AGE				RACE			MARITAL STATUS				DEPENDENTS				FAMILY INCOME				PUBLIC ASSISTANCE		EMPLOYMENT			
		M	F	1-8	9-12	13-16	20-30	31-40	41-64	65+	N	P	R	W	S	M	SEP.	DIV.	WID.	1-2	3-5	6+	UNDER 3M	3/4999	5/7499	7.5/9999	10M+	NO	YES	YES	NO
JULY	621	533	88	143	360	111	125	232	241	15	210	176	209	69	484	41	35	14	187	349	93	168	253	148	35	15	597	24	540	83	
AUGUST	839	743	102	216	550	115	181	294	345	12	273	290	252	100	626	76	39	21	290	503	116	255	341	157	51	22	790	55	738	105	
SEPTEMBER	578	498	80	124	356	76	123	198	226	59	201	282	170	74	324	32	52	19	88	294	107	150	240	145	36	15	534	44	499	80	
OCTOBER	626	528	105	127	370	129	148	198	254	26	218	166	230	102	459	43	31	36	206	355	89	189	227	181	28	21	581	52	551	81	
	2664*	2302	375	610	1636	431	577	922	1066	112	902	914	861	345	1893	192	157	90	771	1501	405	762	1061	631	150	73	2502	175	2328	349	
		2677		2677			2677				2677			2677				2677				2677				2677		2677		2677	

* In 13 interviews more than 1 person present, accounting for total of 2677 people tabulated

LOANS APPROVED BY SBA

July 1st through October 31, 1966

MONTH OF	INTERVIEWS		BUSINESSES BASED ON INITIAL INTERVIEW		LOANS APPROVED BY SBA				
	TOTAL	INITIAL	NEW	EXISTING	NUMBER	AMOUNT	N	P.R.	W
JULY	1005	621	282	291	27	270,450	10	9	8
AUGUST	1377	839	374	465	29	257,250	10	8	11
SEPTEMBER	952	578	292	382	49	448,500	13	19	17
OCTOBER	991	626	259	319	18	185,400	6	4	8
	4325	2664	1207	1457	123	1098,600	39	40	44
				2664					

LOANS APPROVED BY SBA
November and December 1966

	INTERVIEWS		LOANS APPROVED	
	TOTAL	INITIAL	NUMBER	AMOUNT
NOVEMBER	1158	565	26	244,000
DECEMBER	1359	680	30	280,425
	<hr/>	<hr/>	<hr/>	<hr/>
	2517	1245	56	524,425

Attachment C

18 Study How to Succeed

By RICHARD BARR

World Journal Tribune Staff

School opened last night, but there was no pulling of pig tails or giggling in class. The students were all small businessmen.

Eighteen young adults, attended the first session of a Workshop in Business Opportunities, under the guidance of 33 successful New York businessmen who have volunteered their services. The classes are held at the Upper Manhattan Branch of the YMCA, 361 W. 125 St. on Tuesday nights.

The purpose of the course is to acquaint young people who want to start small businesses, with the fundamentals in getting a business started and keeping it going once started.

FIRMS VARIED

Headed by Walter Geier, president of the Walter Geier Co. a marketing consultants firm, the men represent all types of firms from Merrill Lynch, Pierce, Fenner and Smith, and Cudahy Company, to Ampex Corp., Westinghouse, IBM and BBD&O.

Originally conceived over a year ago, the first efforts by these businessmen ran up against government bureaucracy.

"They told us it sounded good but they wanted to set up a committee to study it," said Geier. "We finally got in touch with Dr. Mallalieu Woolfolk, Director of the Upper Manhattan Small Business bureau.

"He liked the idea and within a week, we were underway."

It was the accomplishments of that first group of 15, who had completed the first 16-week course last June, that led to the second class which began last night.

MANY SUCCESSFUL

"Some of the letters we got from the people really made me feel good," declared Geier. "Of the 15 in that first class, are now running profitable businesses, including a white metal casting factory, a custom furniture business, a greeting card company and a telephone answering service.

"It was so successful, we have volunteers lined up in Boston, Omaha, Los Angeles and Princeton."

Though primarily for Negroes, several whites were also present in the class, including Paul and Ellen Silverstein. Paul and Ellen have a plastic packaging plant at 52 Green St. in lower Manhattan. Six months ago, they had to apply for a small business loan to stay in operation.

"We got the loan and it now looks as though I am finally turning the corner," said Paul. "I heard about this class and decided to come. I am glad I did. The knowledge these men can give me would cost thousands of dollars if I had to pay for it."

There is a \$5 fee to cover the cost of materials used in the course.

Among the varied fields of endeavor planned by the possible future members of higher income brackets are, an antiques restorer, a novelty wholesaler, an operator of a charm school, a sportswear dealer, a car upholsterer, proprietor of a business servicing automatic shoeshine machines, a furniture designer, a grocer and a family monument (grave marker) salesman.

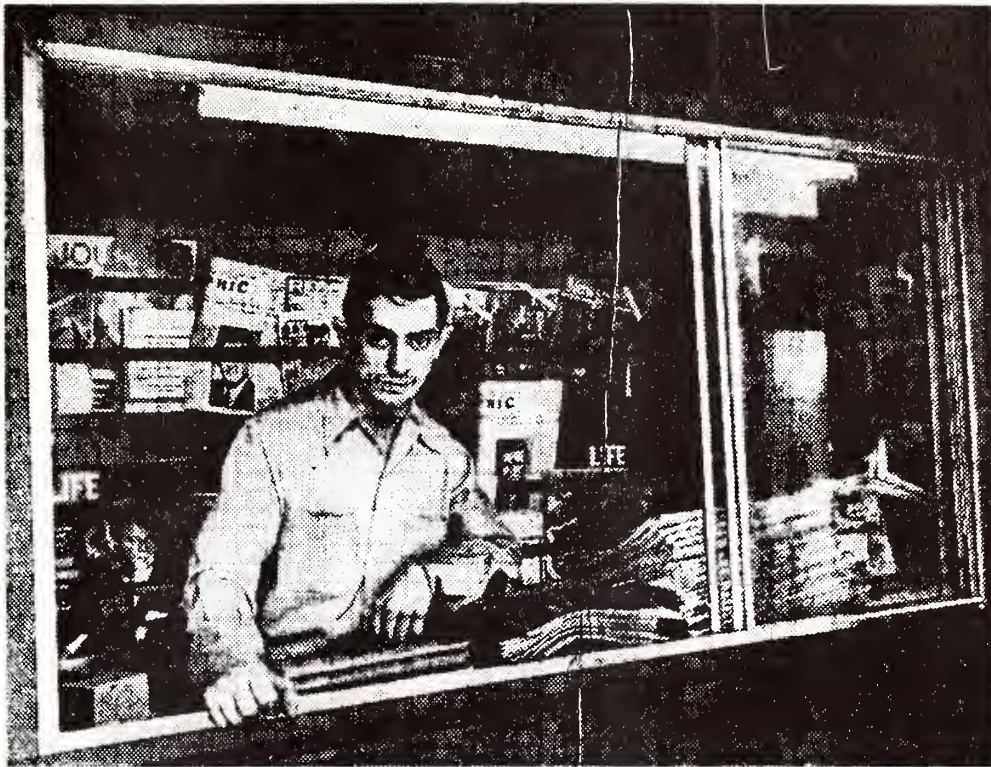
Barstow (Bart) Bates, vice president of the Cudahy Co. expressed the feelings of the businessmen this way:

AID TO NEGROES

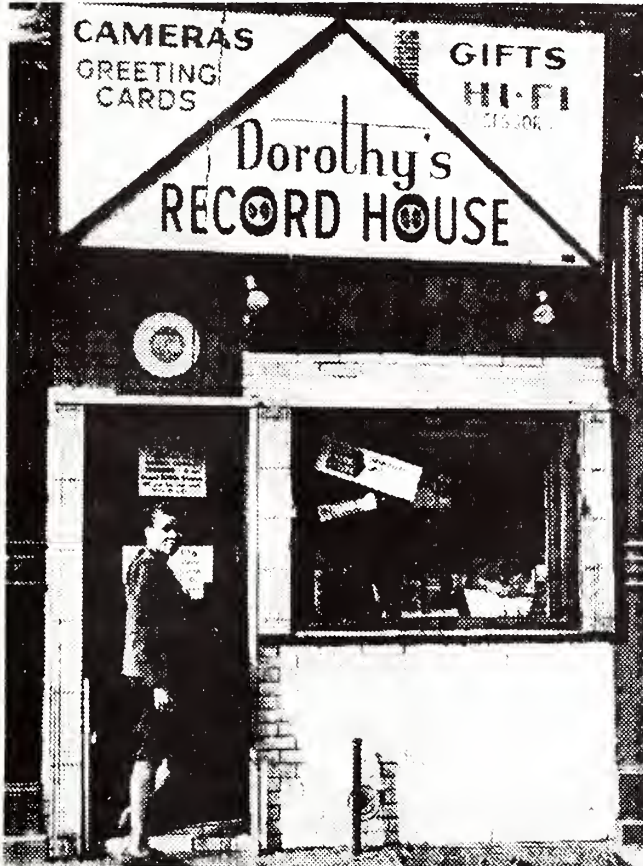
"We feel the best way for the Negro to overcome bigotry and social discrimination, is to develop a strong foothold in the business community.

"They need training, guidance and above all, encouragement to get started. We don't want anything to do with committees, all we want is an opportunity to work with people."

Loans Putting Poor in Business



Joe Garcia in his newsstand at 34th Street and Third Avenue. He set up business with a \$1,500, three-year loan from the Small Business Development Opportunities Corporation.



The New York Times (by Arthur Brower)

Mrs. Dorothy Williams, who last year was on relief, now owns a record shop financed with an S.B.D.O.C. loan.

New Federal Funds Help Jobless to Set Up Shop Here

By LEONARD SLOANE

A year ago, Mrs. Dorothy Williams was on relief and desperately attempting to provide for her three young daughters. Today she is the owner of Dorothy's Record House in Harlem, with sales between \$150 and \$200 a week.

Seven months ago, Joe Garcia also was receiving public assistance, with slim prospects for employment. Today he operates a midtown newsstand, and takes in about \$240 a week from the sales of newspapers and magazines.

Mrs. Williams and Mr. Garcia are two of the hundreds of formerly, long-term unemployed persons on the welfare rolls who have been helped to become entrepreneurs in the last 18 months by the New York Small Business Development Center.

The center is the nonprofit corporation that makes Economic Loan Program funds available to people in the New York area. This program was authorized by Title IV of the Federal Economic Opportunity Act of 1964 to assist small

Continued on Page 78, Column 5

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NEW LOANS AIDING POOR IN BUSINESS

Continued From Page 71

businesses and create a climate in which they can prosper.

"The real problem is to get the people to have enough self-confidence to walk in and ask for a loan," said Sidney Shiff, executive director of the center. "We've got to convince them that we will go and battle for them."

The New York center has already lent about \$3.5-million to 594 economically deprived persons through the Small Business Administration—about 14 per cent of all Economic Opportunity Loans granted throughout the country. No collateral is required, and loans are available up to \$15,000 to establish a new business or to expand an existing one.

Five branch offices, called Small Business Development Opportunities Corporations, operate under the aegis of the center to receive loan applications, conduct business training courses and participate in local economic development projects. Each has a board of directors composed of community leaders. They choose an executive director for the corporation.

The most active of these offices has been the Upper Manhattan S.B.D.O.C., which has lent money at 5½ per cent interest for the opening of such businesses as laundromats, beauty shops and factories. This was the corporation, moreover, that made the loans to Mrs. Williams and Mr. Garcia.

Opened Last Thanksgiving

"I opened my store during Thanksgiving week, 1965," Mrs. Williams said the other day, "and I'm quite pleased with the results. I didn't like being dependent on anybody because I don't believe in handouts."

Mrs. Williams, who had been on welfare for two years, ap-

plied for a loan from the Upper Manhattan S.B.D.O.C. in May, 1965. A \$5,800, 10-year loan was approved the following August—after which she began preparations to open her 234 square-foot shop at 2551 Eighth Avenue at 136th Street for the sale of greeting cards, gifts, high-fidelity accessories as well as records.

"I think this program is a marvelous thing for the person who doesn't have anything and wants something out of life," she said. "You have to suffer for it, but anything in life worth having is worth suffering for."

One of Mrs. Williams' monthly payments since her opening has been a \$63 check in partial payment of her loan.

Summer Lull a Problem

"I'm a little bit behind now since the summer lull, but they haven't said anything to me," she noted. "That's because I wrote a letter explaining that business had dropped off a bit and I've been sending in at least some money every month."

On the northwest corner of East 34th Street and Third Avenue, Mr. Garcia stands behind his modern newsstand day and night and is enjoying his first opportunity to own a business.

"I like it," he reported. "I can make a contribution as a useful person without depending on public charity."

After obtaining a city permit to operate his stand, Mr. Garcia applied for, and was granted, a \$1,500, three-year loan. Every month he repays a part of this amount plus interest to the S.B.A. with a \$46 check.

For Mr. Garcia—who was born in Mexico, is partially crippled and supports an aging mother—this Federal loan program has been a godsend. For like practically all of the others helped by the center, he probably would not have been considered a good business risk by a conventional lending institution.

"Unless the social welfare approach to antipoverty is coupled with a free-enterprise approach," observed Mr. Shiff, "you're just going to have bigger budgets and the problems are going to get bigger. An economic change has to take place."

PUBLIC POLICY

Helping the Poor to Be Boss

Until 18 months ago, Leo Carter's job was to sweep, mop and polish the floors at Miami Beach's St. Francis Hospital. Today, as proprietor of The Best Floor Waxing Service, he is an entrepreneur with six employees. Mexican-born Joe Garcia, on relief in Manhattan eight months ago, now takes in about \$240 a week as the operator of a midtown newsstand. David Flowers, who had to give up his job as a house painter after he injured his back in an auto crash, has become the owner of a thriving eight-pump, seven-employee service station on Chicago's South Side.

Easy Terms. For all three men, the Federal Government supplied the funds that enabled them to start their own businesses. With finances too meager for them to qualify for ordinary bank loans, they borrowed their capital on easier terms (5½% interest, up to 15 years to repay) than many a blue-chip corporation could arrange amid today's tight-money pinch. The loans came from the Small Business Administration under Title IV of the 1964 antipoverty law, which aims at helping the poor in depressed neighborhoods to become self-employed and to put struggling little firms on a sounder footing. To that end, SBA has just raised the maximum loan from \$15,000 to \$25,000—the level where it was until 13 months ago.

Relying mostly on character instead of credit to judge who should get its largesse, the SBA in 22 months has lent \$25,281,230 to 2,475 borrowers in 44 communities. Though defaults have come to 3.4% of that total as compared with a mere 0.2% in commercial bank lending, the agency calls itself "pleas-

antly surprised" that the record is not worse. Even so, some critics complain that the SBA has taken some mighty peculiar risks. A service station folded because the owner wasn't around enough to keep track of the operation. A small manufacturer of plastics and draperies failed because he priced his products below cost. Even though he had undergone one bankruptcy before, Chicago Taxi Driver Lawrence Young persuaded the SBA to lend him \$19,500 to launch a Chicken Delight carry-out shop. It subsequently foundered to the extent that the agency lost \$14,000 even after auctioning the fixtures for \$5,000. Young, now working as a janitor, blames his misfortune partly on his failure to attend the SBA's free courses on how to run a business.

A Problem of Confidence. Nearly a fifth of the SBA's loans so far have been made in the New York City area, helping hundreds of formerly long-term unemployed relief recipients to become owners of beauty parlors, record shops, Laundromats, and even small factories. The big problem, says Sidney Shiff, executive director of the New York Small Business Development Center, which screens and funnels loan applications to the SBA, is to "give people the self-confidence to go into business for themselves. You can't start big, with grand programs. But when neighbors see that somebody's made it with a new store, they'll try harder." SBA Administrator Bernard Boutin vows to try harder too. As a start, he has ordered his staff to "go out into the ghettos" and find more people who seem to have the potential to run a business.

Ghetto Areas Face Business Loan Curb

By CHARLES GRUTZNER

A change in policy of the Small Business Administration, to take tangible form here on Monday, will shut off new Federal loans to some poor people seeking to open shops in ghetto areas but will pave the way for more loans elsewhere.

New rules require that people at poverty-income levels who seek to qualify for a loan must show that there is a real need in the community for the type of business they want to start.

Up to now, applicants in designated poverty areas received loans to open cosmetics and drug stores, restaurants, beauty parlors, dry cleaning shops and many types of service establishments regardless of the number of establishments already in these areas.

Some community leaders and Borough President Herman Badillo of the Bronx complained yesterday that the change would hit hardest Negro and Puerto Rican potential enterprisers

Continued From Page 1, Col. 8
who have received more than 60 per cent of the poverty-area loans here.

Charles H. Kriger, S.B.A. area administrator, said that while some types of loans that had been made to applicants merely because they lived in poverty areas would no longer be approved, the program would be expanded for persons who wanted to open a new and needed business regardless of geographical location.

"We like to make sound loans to existing businesses," Mr. Kriger said, "but we will make them for new ventures if the intended business fills an economic void in the community. We don't want to finance a new beauty parlor in a ghetto area where there are already enough beauty parlors."

The administrator said that some businesses opened with S.B.A. loans here had failed within the last year and others were several months behind in their loan repayment installments.

On Monday, S.B.A. personnel will replace staff members of the six nonprofit Small Business Development and Opportunities Corporations in this city and Nassau County for the processing of loan applications.

The replacement will be the first step toward putting the nonprofit community groups out of business by next June 30, according to Sidney Shiff, executive director of the Small Business Development Center. The center, at 575 Madison Avenue, is the coordinating agency for two loan-application centers in Manhattan and one each in Brooklyn, Queens and the Bronx.

Stripped of their loan-processing function, the opportunity centers here and the one in Nassau have been relegated by the S.B.A. to management training and guidance counseling to holders of loans.

The development and opportunity centers now serve loan applicants in designated poverty areas of which there are 44 in the country. There are eight areas in this city for which loans have been made available. Among them are Harlem, East Harlem, the south Bronx and Hunts Point areas in the Bronx, Jamaica in Queens and Bedford-Stuyvesant in Brooklyn.

The upper Manhattan center was opened in May, 1965. The lower Manhattan, Brooklyn, Bronx and Queens centers have been in operation only since last spring. The five centers have so far arranged S.B.A. loans for 512 applicants who have received a total of \$3.5-million.

The centers were able to arrange such loans, up to \$15,000 in any one case, through the antipoverty program for applicants who did not have the means or collateral for ordinary small-business loans.

As an example, a cab driver who wanted to buy a taxicab and go into business for himself found he needed \$29,000 for a cab and a medallion (in effect, a license he must buy from another owner). The applicant took a bank loan, limited to \$10,000 based on repayment over the expected five-year life span of the cab. He then put up \$6,000 of family savings, and got the \$13,000 balance through the upper Manhattan opportunity center at 5½ per cent interest.

Major Robinson public information director for the New York Small Business Development Center, said such a loan would probably be impossible under the new rules.

Borough President Badillo, who said the new rules were "the start of the phasing out of the Federal aid program of the little poor people," declared:

"The Small Business Administration people seem to forget that Congress passed the anti-poverty program to help these very people and one kind of help was to let them borrow money for little business ventures. The S.B.A. is, in effect, repealing this portion of the Anti-poverty Act all by itself. It wants to take us back to the old situation where S.B.A. was a banking operation for high volume businesses."

Replying to Mr. Badillo's criticism, Mr. Kriger said:

"We will in many cases be expanding our help to the poor to get into business. A poor man who up to now couldn't get a loan because he lived on the wrong side of the street where a designated poverty area ended will now qualify if his intended business fills a community need."

Mr. Kriger noted that although there was an opportunity center in Nassau, residents of Suffolk, where there are pockets of poverty, could not qualify for such loans up to now.

Mr. Kriger said also that the maximum amount for such loans was now increased from \$15,000 to \$25,000. That had been done, he explained, to encourage the founding of new manufacturing and production businesses, for which more than \$15,000 capital is needed in most cases. He said this type of business would be encouraged because it would provide for many people not now employed.

SUTTON ASSAILS NEW S.B.A. POLICY

Scores Rule Denying Loans
to 'Unneeded' Businesses

By CHARLES GRUTZNER

Manhattan Borough President Percy E. Sutton yesterday joined the critics of a new policy in the Small Business Administration that will deny Federal loans to some poor people who want to open shops in ghetto areas. The policy will pave the way for more loans in other areas.

Mr. Sutton took exception to the rule under which a loan applicant must show that the business he intends setting up will fill a real need in the community.

Formerly, an applicant in a poverty area, for example, could get a loan to open a beauty parlor regardless of how many beauty parlors already were in the community. The same rule applied to other retail and service establishments.

Criticisms similar to Mr. Sutton's were expressed last week by Bronx Borough President Herman Badillo and some leaders in Negro and Puerto Rican ghettos where it is believed the effects of the new policy will be felt the most.

Loan Offices Move In

Mr. Sutton made his statement as administration loan officers moved into the five small business opportunity centers in this city and one in Nassau, and took over the processing of loan applications that had formerly been done by staff members of the nonprofit community groups that conduct the centers.

In announcing the new policy, Charles H. Kriger, the area administrator of the S.B.A., said last week that some businesses who had opened with the agency's loans here had failed within the last year, while others were several months in

arrears on the repayments.

"We like to make sound loans to existing businesses," Mr. Kriger declared, "but we will make them for new ventures if the intended business fills an economic void in the community."

Fourteen loan officers from the administration's regional office at 42 Broadway took up their new posts in opportunity centers in Harlem, lower Manhattan, the Bronx, Brooklyn, Queens, and Nassau. Government desks and chairs from the General Services Administration were brought into the Bronx, Brooklyn and Queens centers that had lacked physical facilities for the newcomers.

Because of the rain, there were fewer applicants than usual yesterday, according to Mr. Kriger.

At the Bronx center, 390 East 150th Street, eight persons asked for loans. Six of them were turned down within five minutes. They had wanted to open new businesses that the Loan administration did not regard as economically essential in their neighborhoods.

William Davis, the executive director of the Bronx center, said that 41 applicants had received loans totaling \$379,700 since the center opened April 28 and that 40 other applications for a total of \$356,735 had been approved by the center and sent to the S.B.A. for final authorization. Of the loans made, 17 totaling \$128,000 went to Puerto Ricans, 13 totaling \$160,606 went to Negroes and 11 totaling \$90,600 to others.

Borough President Sutton said he was "greatly disturbed" by the S.B.A. action.

Change In Policy

See Bias Creeping Into SBA Program

By JAMES BOOKER

(See related story on Brooklyn Front)

A general fear that "a touch of bias" has crept into the Federal Government's Small Business Administration developed throughout the city's Negro and Puerto Rican communities as the SBA announced that it has shut off new federal loans to some poor people seeking to open shops in ghetto areas while at the same time shifting its policies to open the way for businesses usually operated by whites.

The action has the effect of phasing out of business the Small Business Development Opportunity Centers in Harlem, Brooklyn, South Bronx, and Queens which have arranged SBA loans for 542 applicants who have received a total of \$3,500,000 in minority area businesses over the past 18 months.

SBA Regional Administrator Charles H. Kriger, told newsmen that some loans that had been made to applicants merely because they lived in minority neighborhoods would no longer be approved, adding, "We don't want to finance a new beauty parlor in a ghetto area where there are already enough beauty parlors," Kriger said.

To Fill Void

He indicated that they will make loans to existing businesses and for new ventures that will fill an economic void.

In practice, Negro business leaders pointed out, his wording would rule out the normal type of businesses for which Negroes would seek loans, and would tend to push loans for "whites only."

Bronx State Senator Ivan Warner said he was fearful that the new policy would hit Negroes and Puerto Ricans hardest, and called for federal officials to reexamine the move.

Bronx Borough President Herman Badillo said the new rules were "the beginning of a phasing out of the loan program for little poor people."

Violates Law

Actually Kriger's policy, which many said is in violation of the federal law but is based only on a policy directive, will make loans available for new businesses in manufacturing and those "who show management skills."

For the small Negro and Puerto Rican businessmen, however, the rigid SBA rules which have long been in effect, will now begin to close this source of loan funds.

So complete was Kriger's move to halt the program which has held out a ray of financial hope to Negro and Puerto Rican businessmen, that members of the SBA's career staffs moved into SBDOC centers this week and began handling all of the processing of loans, taking the functions over formerly held by SBDOC staff members.

CITY AIDE ATTACKS GHETTO LOAN CURB

**'Real Need' Criterion for
Business Is Criticized**

A high official in the administration of Mayor Lindsay has criticized a policy announced by the area administrator of the Small Business Administration curbing loans to ghetto area residents.

Donald F. Shaughnessy, an assistant to the Mayor for economic development, charged in an interview last week that Charles H. Kriger, the administrator, had "set himself up as an all-knowing economic commissar" who is acting "like a banker seeking to make a profit" rather than one "who seeks to end human misery."

New rules of the Small Business Administration which went into effect last Monday, require that persons at poverty income levels who seek a loan must prove a real need in their community for the type of business they want to start.

Until the change in regulations, applicants in designated poverty areas received S.B.A. loans to open such establishments as barbershops, beauty parlors and restaurants and many types of service establishments regardless of the number of similar establishments already in those areas.

'Economic Void' Standard

Mr. Kriger said some types of loans that had been made to applicants merely because they lived in ghetto areas would no longer be approved. They would henceforth be made, he said, only if they fill an "economic void" in the community.

In answer to Mr. Shaughnessy's charges, Mr. Kriger reiterated his stand. "This is not a giveaway program," he said. "We're duty bound to make a determination as to whether or not there is a reasonable ability to repay a loan. We are always required to make a determination as to the probable success of every borrower."

"Who is he to say when an economic void in the community exists?" Mr. Shaughnessy asked. "Did Henry Ford start a business because there was a void? No, he created a product and then created a market."

"Mr. Kriger has no presupposed ability to peer 20 or 30 years into the future. He is not using economic sense."

The city official also said that Mr. Kriger's policy did not conform to statements made earlier last month in Washington by Bernard L. Boutin, head of the Small Business Administration.

Mr. Boutin had said that his administration now had more antipoverty money available and that the economic opportunity loan program would be liberalized.

Mr. Shaughnessy asserted that the curbing of loans in the ghettos would hinder other anti-poverty programs of the Lindsay administration.

"If these people are not able to get small loans with soft criteria," he said, "they will become welfare cases. If a man can qualify for a loan, he has a constitutional right to open a business, to make an economic error and even to make a fool of himself."

Ask Loans To Firms In Ghetto

By GUS ENGELMAN

World Journal Tribune Staff

The Small Business Administration is now trying to encourage ghetto residents to seek loans only for businesses that will expand employment opportunities and stimulate the economy in blighted areas.

Announcement of the policy was made today by Charles H. Kriger, area administrator of the Small Business Administration. It follows in the wake of recent criticism directed at the organization by Donald F. Shaugnessy, an assistant to Mayor Lindsay for economic development.

Shaugnessy attacked new rules of the SBA which went into effect last week. The policy now is to curb loans to ghetto applicants if such grants are not used to help fill a "real business need" in the community. He asserted such a cutback in loans to these neighborhoods would hinder other anti-poverty programs of the Lindsay administration.

Shaugnessy also accused Kriger of "setting himself up as an all-knowing economic commissar" rather than one "who seeks to end human misery."

Formerly, applicants receiving loans were able to open establishments in designated poverty areas even though the neighborhood may have already contained a number of similar shops.

SATURATION POINT

Kriger emphasized the SBA is "in no way trying to discourage" individuals from starting a business as long as it fills a "legitimate economic void" in the community.

"These people will be entitled to every consideration shown to them in the past," he continued. "But our major aim now is to help exploit new ideas in management and production. We strongly want to assist those people who have talent, dedication, understanding and the background to go into a business venture in which the community will clearly benefit."

Kriger believes many poverty areas already have reached the saturation point in establishments such as barbershops, beauty parlors and restaurants.

"We don't want to be in the position of turning a fellow down for a loan just because he wants to take a flyer and go into something in which he can't make a living," Kriger said. "The government doesn't want to encourage a man to risk economic blunders and make a fool of himself. We desire to make favorable loans to people with the capabilities and initiative to explore ideas on a rewarding and constructive level."

Commenting upon Kriger's earlier statements, Shaugnessy remarked: "If these people are not able to get small loans with soft criteria, they will become welfare cases. If a man can qualify for a loan, he has a constitutional right to open a business, to make an economic error and even to make a fool of himself."

JAVITS CRITICIZES LENDING PRACTICE

Assails Work Here of Small
Business Administration

Special to The New York Times

WASHINGTON, Dec. 5—The Small Business Administration's new system of handling loans in ghetto areas was criticized publicly today by Senator Jacob K. Javits.

The New York Republican suggested that, when it took over the loan program from antipoverty officials, the Small Business Administration had attempted to abolish small business development centers.

He said that the administration was making "in effect, an attempt to do indirectly what it could not do directly."

Mr. Javits made public a stiffly worded letter to Bernard L. Boutin, the agency's administrator. It was dated Nov. 30 and, the Senator's aides said, the letter had not yet been received. When it was, he said it would be answered, but the agency would not make the answer public.

The Javits letter cited "disturbing" reports that the Small Business Administration "has seen fit to revise loan application standards which have been employed by small business development centers located in New York City."

It said the changes "may very well operate to the detriment of programs to assist minority and underprivileged small-business men."

Responsibility Shifted

The dispute stems from a shift in administrative responsibility for administration of some loans to the Small Business Administration from the antipoverty agency, the Office of Economic Opportunity. The shift was voted by Congress this year.

A considerable fuss was stirred in New York City a week ago when S.B.A. loan officers moved into the city's five small business development centers and took over the processing of applications for loans to help set up small businesses in ghetto areas.

The agency spokesman in-

sisted today that the complaints resulted from a misunderstanding.

Loan standards have not been stiffened, he said. The New York area administrator, Charles H. Kriger, had announced that a new rule would be in effect—that applicants would have to show there was an economic need in their neighborhood for the business they sought to open. This seemed to suggest that such a requirement had not prevailed previously, but the administration spokesman said that it had.

Following Orders, Agency Says

Nor, the spokesman said, does the Small Business Administration have the authority, much less any interest, in abolishing small business development centers. He said the centers could continue their counseling function under the Office of Economic Opportunity, that the Small Business Administration was simply doing what Congress had told it to in taking over the loan administration.

To suggestions that the new system would curtail loans to the poor, the spokesman said that the actual result would be expansion. Minority group members who might not have qualified because they were not poverty-stricken ghetto residents might now be eligible for loans, he said.

He added that Mr. Kriger, the New York administrator, had not been acting on his own in putting the new system into effect but had been following instructions from Mr. Boutin, the national administrator, which are to be applied nationally.

Presumably, the answer to Senator Javits will be along the same lines as the spokesman's explanation today.

The Senator noted in his letter that he was the ranking Republican on the Senate Committee on Labor and Public Welfare, which helped to devise the amendment shifting administration of the loan program.

SBA Program In Jeopardy

WASHINGTON — The cut-back in anti-poverty funds to the small business loans program was felt in force throughout the nation this week as the Small Business Administration began reverting to its pre-Poverty Program policy of the most rigid standards for loans.

It was still technically possible for a prospective new business to obtain one of the smaller "Mom-and-Pop business" type loans which Small Business Development Non-Profit Centers throughout the country have been begging citizens, Negro and white, to apply for since shortly before the start of the Poverty Program.

However, the Small Business Administration, which under the new set-up is now the only source of such loan funds, had installed new guidelines such as making a new business prove that it had a service needed by its local community and that no other businesses of that type is providing the service now existing in the area.

The new guidelines thus became the first step in putting most of the Small Business Development centers throughout the country out of business by the end of the fiscal year on June 30.

Even now, with little or no loan-processing power left, the Small Business Development centers were rapidly being reduced to agencies which urge and foster business or management training and guidance counselors to the present holders of loans or those able to go into business or maintain government aid.

The rise of the Small Business Development centers in this country, according to Eugene Foley, now retired ex-Small Business Administration

director, came about when Philadelphia Negroes complained that in all the history of the Small Business Administration only seven loans had been granted to Negroes in the Philadelphia area.

An Equal Opportunities Commission investigation revealed at the time that not only had very few SBA loans below \$50,000 gone to Negro firms in the Philadelphia area but that very few concerns, either white or Negro, any place in the country had received such loans.

This brought about the beginning of the so-called 6-by-6 program of the SBA, or \$6,000 lent to the smaller "Mom-and-Pop" type businesses at six percent interest for six years. The Small Business Development Centers were encouraged to process such loans. Later a provision of the Anti-Poverty Act provided for even smaller loans to encourage the poor to develop their talents and to go into business as the basic unit of free enterprise, the small, self-employed businessman.

In the so-called "white-backlash" wave of sentiment of the past year which has been geared at keeping the Negro and the white poor in their same position in the American economy, these incentives were wiped out to a great degree. The perennial champions of basic prejudice which had always existed in the nation had risen to enough power and gained enough support to curtail attempts to bring freedom to the poor by making them basic unit businessmen.

However, the "6-by-6" program still technically remains, with maximums of \$15,000 and \$25,000 which can be obtained by experienced, long-established businesses under the program.

Women's-General

\$15,000 U. S. Loan Gives N. Y. Retailer 2d Chance

By ED ROSENTHAL

NEW YORK (Fairchild News Service®). — When Edward Noia opened a shoe store in midtown Manhattan 13 years ago, all the odds were against its survival. Rents were high, his working capital was low, operating space was inadequate and his knowledge of business and merchandising were, by his own admission, weak. Last April, following an untimely expansion that completely depleted his working capital and nearly wiped out his operation, he received that all-too-rare second chance.

Mr. Noia still is operating Deval Shoe Salon on Lexington Avenue and 44th Street, and has every indication of a successful future. He was the first — and probably the last — shoe retailer in this city to obtain Economic Loan Program funds to capitalize his business.

The unusual aspect of this program, which had been in effect 18 months, was that it required no collateral. Authorized by Title IV of the Federal Economic Opportunity Act of 1964, it was administered here by the New York Small Business Development Center. In many instances, persons on relief—with no prior business experience—were financed and trained to operate small businesses of their own.

Program Changed.

According to Sidney Schiff, SBDC executive director, it is unlikely that the same opportunity offered to Mr. Noia will be granted to other retailers in the future. After having lent some \$3.5 million to 594 economically deprived persons through the Small Business Administration, the program is undergoing some extensive changes.

Mr. Schiff said processing of loans now is being handled by SBA, "and about 75 per cent of those we have granted loans to would not have been able to qualify" under the present setup. He noted his organization's role now is cloudy, as it is unlikely the program will be funded again on Jan. 1 by the Commerce Department's Economic Development Administration.

Mr. Noia, who received the maximum \$15,000 loan at 5½ per cent interest granted in the program, undoubtedly would have been one of those retailers who would not have qualified for a loan.

No Collateral.

With no collateral to offer and not even a record for sound business operation, the retailer was granted his loan largely due to strong character references and the fact that he had an equitable 28-year lease in his location. Besides granting the loan, SBDC gave the retailer extensive business training to prevent him from making the same mistakes again.

Deval Shoes had nearly reached the end of its rope after Mr. Noia leased much needed additional space in his building. Having been operating in a cramped 287-square-foot on the ground floor, the retailer leased and remodeled an additional 561 square feet upstairs when a beauty salon moved out.

Leasing and rebuilding the space completely exhausted the store's working capital, and Mr. Noia found few resources were willing to carry him on their books when he was unable to pay for merchandise.

"Over a period of a year and a half we paid back \$22,000 to one jobber without getting a single pair of shoes in this time," Mr. Noia pointed out. "Annual volume had dropped down to between \$45,000 and \$50,000 because we just didn't have the stock. Now we're doing about \$80,000, and things are still improving."

Repayment Rate.

The retailer is repaying the loan at the rate of \$169 a month for 10 years—"and I can still make a good profit."

He noted his rent is \$860 a month, which is considered quite low for this area of town. Deval is one of the few independent shoe stores in the general vicinity.

"We've got a landlord with a heart," Mr. Noia contended. "A small loft around here runs \$1,000 a month."

At age 46, the retailer finally has received the business education he wishes he had acquired earlier. For some 8 months, he attended weekly lectures by local businessmen sponsored by SBDC.

"I learned a lot about how to improve turnover and prevent overbuying," he asserted. "The classes started at 6:30 in the evening, but sometimes we got so involved that we went nearly till midnight."

Although the upstairs area of the store is used primarily for fitting and stock, the retailer has set aside a portion of it for a small passport photo, photofinishing and offset printing operation. This he operates on his own to provide additional income for the store.



The Business

ROY WILKINS

I knew that he was white as soon as I read that in 20 years he had parlayed an \$800 investment into assets worth \$500,000,000. No Negro that I know has any hard feeling for the Jim Walter Corporation, which has just opened its new headquarters in Tampa, Fla., or envies the company's volume of about \$164,000,000 a year.

It is when Negroes compare the Jim Walter success story with the new clamp-down on loans to little business people by the Small Business Administration that they begin to boil. Until recently these loans were made to people in ghetto areas through the Small Business Development and Opportunity Centers of the anti-poverty program. Applicants did not have to furnish collateral or comply with the generally more strict bank procedures. They earned a minimum amount and had to be reasonably able to conduct a business and repay the loan.

A total of 542 applicants in the five areas in New York City had received \$3,500,000 in loans to cut-off day. A physically handicapped youth, on relief with his mother, was able to open a newsstand with a \$1,500 loan and is now grossing \$240 a week. In Philadelphia a Negro woman is manufacturing and supplying casual clothes to wholesalers on a contract basis. In Harlem a mother of three small daughters, formerly on relief, is now operating a record and accessories shop.

* * *

Now all this is ended. The Small Business Administration, which uses "bank methods," has taken over. SBDOC will disappear next June. No more will the anti-poverty program reach down into the ghettos of the big cities to help the people who do not "have a friend at Chase Manhattan."

Hereafter, according to the regional office of the Small Business Administration, loans will be made "where there is a need." Who will determine that need? Why, the Small Business Administra-

tion, of course. In the opinion of Regional Director Charles H. Kriger, there are now too many barber shops, beauty parlors, dry cleaning establishments, lunch counters, etc. in the ghetto areas.

This is hardly free enterprise. Is the test of staying power no longer to be competition, with the worst business man losing out? Is the Small Business Administration to become the protector of the already established ghetto businesses by shooing away applicants for competitive capital?

* * *

Give any white person three breaths today and 10 to one he will ask why the Negro does not help himself through the important avenues of small retail and manufacturing businesses. But, standing in the way of a Negro with energy, ideas and a little money is the SBA, which asks him more questions than the Bank of America and requires more assurances than a reluctant maiden.

No one said to Jim Walter 20 years ago that his \$800 was too little a stake. No one told him there were too many home building firms. How could they know that within 20 years he would have bought and absorbed the Celotex Corporation, which has nine manufacturing plants throughout the country?

Why doesn't the Small Business Administration get off the Negroes' backs and give the enterprising ones among them a chance to fail or succeed? Just as it has done with beauty parlors and ghettos, SBA has concluded that Atlanta does not need Joe Jones, Negro war veteran and long haul trucker.

Leave it to SBA and to similar government agencies and there will not only be no more anti-poverty program, but no more Negro business. No pump-priming. No operation bootstrap. Just bitterness and rumbling and a free rash of analyses of the Negro's troubles. A certain U.S. Senator might even repeat his "finding" that Negro leadership (not the SBA) has failed the ghetto.

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